



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF STATE LANDS AND FORESTRY

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RECEIVED
FEB 01 1991

MEMORANDUM

ON OF
C. W. J. M. H. G.

TO: Wayne Hedberg, Division of Oil, Gas, and Mining

FROM: John Blake, Division of State Lands and Forestry JPB

SUBJECT: Review of Bonding Requirement
Geokinetics Inc., Seep Ridge Project
ACT/047/002

The Division of Oil, Gas, and Mining estimated reclamation cost for the Seep Ridge oil shale project to be \$89,028 in 1986. This amount was projected to 1989 and the bonding requirement was set at \$93,425. Geokinetics Inc., posted a \$100,000 Certificate of Deposit which the Division of State Lands & Forestry continues to hold for this project.

The GNP index rose from 113.8 in 1986 to 128.0 in 1989 (the latest year published). This indicates that actual reclamation cost may have slightly exceeded \$100,000 in 1989. Since it is now over a year later, I feel that the bonding requirement for this project should be reviewed by DOGM. Right now is an opportune time to make any needed bonding adjustments because the property is being offered for the issuance of a new lease.

I am enclosing a copy of the lease offering for your information. Please advise me at your earliest convenience.

JTB/cp

Enclosure

cc: Geokinetics Inc.